HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2000 and the statements of revenue, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 19, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2000	1999 (restated note 3)
Financial Assets:		
Due from General Revenue Fund (notes 5 & 10)	$ 246,015	$ 122,170
Accounts receivable (notes 6 & 10)	47,066	75,116
Accrued interest receivable (note 10)	2,229	1,877
	$ 295,310	$ 199,163
Liabilities:		
Accounts payable (note 10)	$ 96,662	$ 19,016
Net financial assets (Statement 2)	$ 198,648	$ 180,147

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF REVENUE, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2000 (note 9)	Actual 2000	Actual 1999 (restated note 3)
Revenues			
Deductions under Section 3 and 4 of *The Horned Cattle Purchases Act*	$ 200,000	$ 157,362	$ 170,991
Less commissions	(5,000)	(2,587)	(2,794)
Net deductions (note 4)	195,000	154,775	168,197
Cattle sales	70,000	132,079	118,299
Interest revenue (note 5)	7,000	7,001	8,678
Miscellaneous revenue	—	2,000	6,103
Total revenue	272,000	295,855	301,277
Expenditures			
Grants	155,000	120,000	195,625
Project operating costs (note 8)	70,000	140,342	129,790
Administration (note 5)	15,100	15,000	15,000
Advisory Committee	2,500	2,012	2,472
Total expenditures	242,600	277,354	342,887
Surplus (deficit) for the year	$ 29,400	18,501	(41,610)
Net financial assets, beginning of year as previously reported		228,931	257,820
Restatement (note 3)		(48,784)	(36,063)
Net financial assets, after restatement beginning of year		180,147	221,757
Net financial assets, end of year - Statement 1		$ 198,648	$ 180,147

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2000	1999 (restated note 3)
Cash flows from operating activities:		
Cash receipts from deductions	$ 174,563	$ 151,439
Cash receipts from cattle sales	132,079	118,299
Cash paid to suppliers and advisory committee	(69,446)	(120,872)
Grant payments	(120,000)	(201,625)
Interest and other receipts received	6,649	21,061
Cash flows from operating activities	123,845	(31,698)
Net increase (decrease) in cash and cash equivalents	123,845	(31,698)
Cash and cash equivalents, beginning of year	122,170	153,868
Cash and cash equivalents, end of year	$ 246,015	$ 122,170

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act.* The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

2 Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

a) Accrual Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are recorded as expenditures when purchased. The estimated realizable value of the cattle herd at the Western Beef Development Centre at year end is $296,300 (1999 - $257,742). (See Note 6)

d) Cash and Cash Equivalents

Cash and cash equivalents consist of the due from General Revenue Fund.

3. Correction

The Swift Current Project is an agreement with Agriculture Canada (see note 6). Management's interpretation of the Swift Current Forage Project agreement was that all assets and activities were those of the Fund until the agreement terminated. In earlier agreements the assets and activities were those of the Fund. However, on signing a new agreement from November 1, 1993 to October 31, 1998 all assets and activities became those of the Federal Government. Management did not reflect this change in the ownership of the assets and activities of this project in the prior years financial statements. This error has been corrected retroactively.

Also as result of this correction, the Fund's 1999 financial statements have been restated by reducing cattle sales of $136,131 and operating costs of $123,410 related to the Swift Current Forage Project. The impact on the deficit for 1999 is to increase it by $12,721 and decrease the net financial assets by an equal amount. The accounts receivable has been reduced by $48,784. The cash receipts from cattle sales and cash paid to suppliers and the advisory committee are both reduced by $146,279. For 1998 the net financial assets are reduced by $36,063.

4. Deductions

Dealers purchase cattle with horns at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the vendors market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers submit $2.00 for each head of cattle less a $0.03 per head commission to the Fund.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties".

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate

and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 1999-00 is 4.79% (1998-99 is 5.04%).

The Fund paid grants to the University of Saskatchewan. Also, the Fund paid $15,000 to the Livestock Services Revolving Fund for administrative expenses.

6. Projects

The Swift Current Project is an agreement with Agriculture Canada, effective from November 1, 1998 to October 31, 2003. Under this agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund to the Swift Current Research Station (Station). The Station uses proceeds from the sale of all cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, $30,000 will be returned to the Fund by the Research Station and the remaining assets will revert to Agriculture Canada. The Fund's financial statements include $30,000 receivable from the Station. All activities related to the cattle are those of the Station and are not shown in these financial statements.

The Minister of Agriculture and Food entered into an agreement with the Western Beef Development Centre (WBDC) on December 1, 1996 effective to November 30, 2001. The agreement provides the Fund will loan cattle to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account are to be returned to the Fund. The Fund provides funding from its cattle sales to WBDC to pay for certain research costs.

7. Commitments

At year end, the Fund had approved grants for payment in 2000-01 of $128,599.

8. Research Project Expenditures by Activity

	Western Beef Development Centre	
	2000	1999
Salaries	$ 40,649	$ 38,510
Feed supplements	23,262	20,193
Tillage, seeding & manure removal	20,221	---
Equipment & building repairs	12,232	---
Utilities, license & insurance	9,619	---
Municipal taxes	8,098	---
Fuel	6,985	---
Equipment rental	6,897	---
Veterinary services and supplies	5,534	4,750
Trucking and travel	5,403	6,674
Research project	---	8,846
Cattle purchases	---	50,817
Miscellaneous	1,442	---
	$ 140,342	$ 129,790

9. 1999-00 Budget

The Advisory Committee approved the 1999-00 budget on January 21, 1999.

10. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due from the General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable.

Schedule 1

HORNED CATTLE FUND
DETAILED LIST OF EXPENDITURES
For the Year Ended March 31

	2000	1999
Personal Services:		
Board member costs	$ 815	$ 1,080
Travel:		
Other	1,197	1,392
Grants:		
University of Saskatchewan:		
3 Home Study Course	—	2,000
Western College of Veterinary Medicine	30,000	48,925
Veterinary Infections Disease Organization	35,000	40,000
Canadian Western Agribition Association	—	10,000
Prairie Diagnostic Services Inc.	—	33,600
Canada Beef Export Federation	50,000	50,000
Foundation of Animal Care	5,000	5,000
Saskatchewan Livestock Association	—	6,100
	120,000	195,625
Supplier Payments:		
Western Beef Development Centre	140,342	129,790
Payees under $20,000	15,000	15,000
	155,342	144,790
	$ 277,354	$ 342,887